



UNITED STATES ARMY
THE CHIEF OF STAFF



MEMORANDUM FOR COMMANDER, U. S. ARMY MATERIEL COMMAND
COMMANDER, SPACE AND MISSILE
DEFENSE COMMAND

SUBJECT: Program Executive Officer/Project Manager (PEO/PM)
Reorganization – ACTION MEMORANDUM

The PEO/PM reorganization, as briefed by the Acting Assistant Secretary of the Army (Acquisition, Logistics and Technology (ASA(ALT))) to the Secretary of the Army on 3 October 2001, is approved for immediate implementation.

This action abolishes the Deputies for System Acquisition in Aviation and Missile Command, Tank-automotive and Armaments Command, and the Communications Electronics Command and realigns their functions and assigned project and product managers to existing, reorganized, or newly created PEOs. Space and Missile Defense Command acquisition programs are realigned to Ballistic Missile Defense Organization and the PEO structure.

All affected organizations will comply with further implementation guidance directed by the ASA(ALT).

ERIC K. SHINSEKI
General, U. S. Army



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103



REPLY TO
ATTENTION OF

26 OCT 2001

SFAE

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Life-Cycle Management -- Program Restructuring

Reference:

- a. Memorandum, SARD-PR, subject: Management of the Total Life Cycle for Acquisition Category (ACAT) Systems, April 29, 1997.
- b. Memorandum, SAAL-PR, subject: Life-Cycle Management, March 20, 2000.
- c. Memorandum, SAAL-PR, subject: Life-Cycle Management, March 22, 2000.
- d. Memorandum, SAAL-ZC, subject: Program Realignments, September 6, 2001 (Note: relates to missile defense programs only).
- e. Chief of Staff, Army Memorandum, subject: Program Executive Officer/Project Manager (PEO/PM) Reorganization -- ACTION MEMORANDUM, undated.

References b and c are hereby superseded. This memorandum supplements guidance in reference d.

Effective October 26, 2001, and as approved in Reference e, all Army acquisition programs, regardless of Acquisition Category (ACAT), will be managed by a Program/Project/Product Manager (PM) either (1) overseen by a Program Executive Officer (PEO) or (2) directly reporting to the Army Acquisition Executive (AAE). All PEOs report directly to the Defense Acquisition Executive (for ACAT ID programs) or to the AAE (for ACAT IC and below). The purpose of this restructure is to ensure PMs are responsible and accountable for life cycle management of their assigned programs. No change will be made at this time to the management of acquisition programs under Commander, U.S. Army Simulation, Training and Instrumentation Command.



Program realignments are effective immediately, and affected PMs are OPCON'd to gaining PEOs IAW this plan. Until further review, Milestone Decision Authority that currently resides with a losing PEO/DSA will be transferred to the gaining PEO. The transition of program manpower and funding based upon the new PEO structure will be effective October 1, 2002 (beginning FY 03).

The Assistant Secretary of the Army (Financial Management) will release FY 02 RDA and OMA program funding based upon the current PEO/Deputy for System Acquisition (DSA)/Command structure and in accordance with current established procedures. Effective immediately, a losing PEO/DSA/CMD no longer has the authority to reprogram any funds of any program, which is OPCON to another PEO, without documented staffing and concurrence of that PEO. Effective immediately, a gaining PEO/CMD has the authority to reprogram funds of programs OPCON to them as long as there is documented staffing with the losing PEO/CMD.

Care shall be taken to ensure that actions taken to implement this policy does not disrupt current operations. Transferring operational control of these programs shall not require geographical movement of personnel. An approved listing of PEOs/Direct Reporting PMs and execution dates (Phase I and II) is at enclosure 1.

PEOs and PMs will be standard across the Army whenever possible. A PEO organization will consist of no more than 20 fully justified core personnel. Required core positions include the PEO, Deputy PEO, a Deputy for Technology, and Chief, Business Management. A project manager's office will be no more than the PM, DPM, Business Manager, and all subordinate Command Select List (CSL) product managers. All additional positions will be fully justified based on the common and unique PM requirements. Exceptions must be approved by the AAE. General Kern and I believe these changes will enhance the interaction between AMC and the PEOs and allow better focus on supporting soldiers. These changes should not result in any increase in cost, as reduction in MSC support cost should be offset by matrix management revenue. If, after working with MSC commanders, there remains an increase in cost, the CG, AMC and I will resolve the issue.

Each PEO will determine the remainder of its organizational structure. The chart at Enclosure 2 depicts a proposed organizational structure by command select positions. Some CSL positions are proposed new starts. Do not exceed the number of CSL positions provided to each PEO or reassign current PMs. You should seriously consider recommending CSL position downgrades (COL/GM15 to LTC/GM14) that maintain effective system management and organizational design. You may request to rename or realign programs. An audit trail of these changes should be provided. This

will negate the need for a formal General Officer Steering Committee to determine CSL positions for the FY03 PM Selection Board. Provide a recommended organizational structure, with audit trail, to the point of contact no later than November 2, 2001. Enclosure 3 provides the audit trail of organization transitions and time sequencing.

A disk listing your PMs and acquisition category III and IV programs will be sent separately. You will need to determine the management responsibility of each PM and complete the Excel spreadsheet. Guidance on completing the spreadsheet may be found under the "Instruction" tab in the Excel spreadsheet. Weapon System Managed (WSM) programs will be coordinated with AMC and provided NLT 2nd QTR FY02 to the PEOs for incorporation into their organizations.

Further guidance on implementation of program realignments is at Enclosure 4, and shall be used in the preparation of transition plans. Develop your transition plans in accordance with DA PAM 70-3, Appendix IX. The implementation Transition plans should be submitted for my approval no later than December 31, 2001. For planning purposes, implementation should be complete by the end of 2nd QTR, FY02.

My point of contact is Ms. Karen Walker, Director, Army Acquisition Executive Support Agency, (703) 805-2992, DSN 655-2992, email Karen.Walker@aaesa.belvoir.army.mil.



Kenneth J. Oscar
Acting Army Acquisition Executive

Enclosures

DISTRIBUTION:

COMMANDER, U.S. ARMY MATERIEL COMMAND
COMMANDER, U.S. ARMY SPACE AND MISSILE DEFENSE

PROGRAM EXECUTIVE OFFICERS:

AVIATION
AIR AND MISSILE DEFENSE
COMMAND, CONTROL AND COMMUNICATION SYSTEMS
GROUND COMBAT SUPPORT SYSTEMS
INTELLIGENCE, ELECTRONIC WARFARE AND SENSORS

DISTRIBUTION (CON'T):

PROGRAM EXECUTIVE OFFICERS

INFORMATION SYSTEMS (NGB)

TACTICAL MISSILES

STANDARD ARMY MANAGEMENT INFORMATION SYSTEMS

DIRECT REPORTING PM'S:

CHEMICAL DEMILITARIZATION PROGRAM

BIOLOGICAL DEFENSE

JOINT SIMULATION SYSTEMS

OBJECTIVE FORCE

DIRECTOR, COMMAND, CONTROL, COMMUNICATIONS AND
COMPUTERS

CF:

DIRECTOR, U.S. ARMY FORCE MANAGEMENT AGENCY

Proposed PEO/Direct Reporting PMs

PEOs -- Phase I (effective October 26, 2001)

PEO, Air and Missile Defense
PEO, Aviation
PEO, Chemical and Biological Defense
PEO, Combat Support/Combat Service Support Systems
PEO, Ground Combat Systems
PEO, Intelligence, Electronic Warfare and Sensors
PEO, C3 Tactical
PEO, Information Structure
PEO, Smart Munitions

PEOs -- Phase II (Provisional October 26, 2001; Effective 2QFY02)

PEO, Ammunition
PEO, Soldier

Direct Reporting PMs

PM, Joint Simulation Systems
PM, Joint Tactical Radio System

Enclosure 1

Implementation Guidance
Life Cycle Management – Program Restructuring

1. Point of Contact:

Karen A. Walker, Director, Army Acquisition Executive Support Agency, (703) 805-2992, DSN 655-2992, Karen.Walker@aaesa.belvoir.army.mil

2. Purpose:

a. This implementation guidance will provide information on the restructure of the management for all acquisition programs. As such, effective October 26, 2001, all acquisition programs, regardless of acquisition category, will report to a Project or Product Manager (PM). There will be no change to the management of programs assigned to the Commanding General, U.S. Army Simulations, Training and Instrumentation Command (STRICOM).

b. The Army Acquisition Executive (AAE) must approve any agreement to transfer management responsibility for an acquisition program. A transition plan will be submitted no later than December 31, 2001, which will outline agreements, funding, manpower, organizational responsibilities, personnel summary, etc., in accordance with guidance in DA Pam 70-3, Appendix IX.

c. There will be no geographical movement of personnel.

3. Organizational Implications:

a. The leadership positions for each Program Executive Office (PEO) and PM will consist of a military and civilian counterpart, where possible. Some guidelines to help in the structuring of organizations can be found in Appendix A.

b. All Product Managers will report to a Project Manager.

c. A Director for Science and Technology (GS-16) will be established in each PEO. This individual will be responsible for science and technology

(S&T) objectives, transitioning programs from the Research, Development and Engineering Centers, and Advanced Technology Demonstrations/Advanced Concept Technology Demonstrations (ATD/ACTD). Management and oversight of funding allocated for S&T activities will be the responsibility of each Director for Science and Technology. (NOTE: The Army Acquisition Executive Support Agency (AAESA) will be the responsible agency to work the establishment of the Director, Science and Technology positions).

d. Use the FY03 Table of Distribution and Allowances (TDA) as the baseline for manpower authorizations. In accordance with DA PAM 70-3, the Personnel/Manpower Summary Report (Appendix B) will be included in the Transition Plan.

a. Manpower associated with the PEO/Direct Reporting PMs will reside on an AAE organization (to be named later).

b. Rename Joint PM, Biological Defense to PEO, Chemical and Biological Defense.

c. Abolish PM, Chemical Demilitarization. Transfer the acquisition programs currently managed under this structure to the PEO, Chemical and Biological Defense.

h. Abolish the Deputies for System Acquisition (DSA) in the U.S. Army Materiel Command. Transfer the acquisition programs currently managed under the DSA structure to a PEO for management.

i. PEO, Tactical Missiles is renamed PEO, Smart Munitions.

j. PEO, Ground Combat Support Systems (GCSS) is renamed PEO, Ground Combat Systems. Some acquisition programs currently managed under PEO, GCSS may be transferred to another PEO for management.

k. PEO, Standard Army Management Information Systems (STAMIS) is abolished. The acquisition programs currently managed under PEO, STAMIS will be transferred to a new PEO for management.

l. PEO, Command, Control, and Communications Systems (C3S) is abolished. The acquisition programs currently managed under PEO, C3S will be transferred to a new PEO for management.

m. PEO, Information Systems (ARNG) is abolished. The acquisition programs currently managed under PEO, Information Systems will be transferred to a new PEO for management.

n. Establish PEO, Soldier as a System and PEO, Ammunition (2nd QTR FY02 timeframe).

4. Resources:

a. Funding:

- Selected Science and Technology funding (6.3) will flow through the Director for Science and Technology in each PEO.
- All RDA dollars will be released to existing operating agency for management.
- OMA funding for recapitalization programs will be released to the following PEOs/operating agencies:
 - Aviation (5E)
 - Ground Combat Support System (5R)
 - Tactical Missiles (5L)
 - Air and Missile Defense (5Q)
- All other OMA funding will sent to the current operating agencies until additional operating agencies can be established. For those funds being sent to an Army Materiel Command Operating Agency, an MOU will need to be prepared to outline the management of funds. All programs (plans and dollars) under AMC management will be fenced for that program during the period prior to the formal transfer to a PEO. All program changes will require PEO concurrence and HQDA approval.

b. Manpower:

- No reductions or changes in manpower will be executed without the approval of the Army Acquisition Executive or his delegated agent.
- All core positions in the PM offices will transition to the new PEO for management.

- Matrix support will continue to be provided until renewal of the Memorandum of Understanding/Agreement.
- Manpower for PEO, Soldier (core) will be worked during 1QFY02.
- Manpower for PEO, Ammunition will be worked during 1QFY02.

5. Milestones:

- a. October 26, 2001 – All acquisition programs, less those managed by STRICOM, will be under the operational control of a PEO
- b. November 2, 2001 – Proposed organizational structures due
- c. December 31, 2001 – Transition plans due
- d. January 21, 2002 – Manpower and Dollar Schedule 8s due HQ AAESA
- e. January 28, 2002 – Command Plan input due HQ AAESA in accordance with 131418Z August 2001 message, subject: FY04 Command Plan (CPLAN) Guidance
- f. February 1, 2002 – Final TDA due to HQ AAESA
- g. February 4, 2002 – Manpower Schedule 8s due USAFMSA
- h. February 15, 2002 – Final TDA due to USAFMSA
- i. February 18 to March 29, 2002 – Command Plan briefing to Director, Force Programs (AAESA Lead)
- j. March 31, 2002 (or 30 days after Transition plan approved) – Requests for Personnel Action to implement approved Transition Plan submitted to servicing CPAC/CPOC
- k. October 1, 2002 – Establish General Operating Agency code for PEO structure

Appendix A

Organizing Guidelines

These guidelines should be used when structuring acquisition organizations:

- Each organization/office will ensure the two senior leadership positions will be a military (PEO) and civilian (DPEO) or vice versa (Program Executive Officer (PEO) Deputy PEO and Project/Product Manager (PM)/Deputy PM)
- A Director for Science and Technology (GS-16) will report directly to the PEO
- Chain of command:
 - Product Managers must report to a Project Manager
 - Project Managers must report to a PEO or Army Acquisition Executive (AAE)
 - PEOs will report to the AAE
- Remember your customer – The Soldier
- All acquisition programs will be managed by a PM
- Organize around cross-functional core processes
- Make teams, not individuals, the cornerstone of organizational design and performance
- Promote multi-functional/multi-skilled professionals
- Install process owners
- Decrease hierarchy
- Build a corporate culture of openness, teaming, sharing of information
- Institutionalize the changes
- Emphasis should be placed on leadership...not management.

Appendix B
Personnel Summary Report

FROM

ORGANIZATION NAME: _____

PROJECT – PRODUCT NAME: _____

TO

ORGANIZATION NAME: _____

PROJECT – PRODUCT NAME: _____

Effective Date:

FROM:

UIC (if known)	MDEP	AMSCO	TDA Para/Line	Officer/Warrant/ Enlisted/MOS; Civ Occ Series	Rank/ Grade	Duty Title	Name of Incumbent
----------------	------	-------	------------------	---	----------------	---------------	----------------------

TO:

UIC (if known)	MDEP	AMSCO	TDA Para/Line	Officer/Warrant/ Enlisted/MOS; Civ Occ Series	Rank/ Grade	Duty Title	Name of Incumbent
----------------	------	-------	------------------	---	----------------	---------------	----------------------

Appendix C

Glossary of Terms

Acquisition Program is defined as weapon systems, information systems, munitions, support systems, and ammunition.

Advanced Technology Demonstrations is a technology demonstration, using RDT&E funding, to demonstrate feasibility and maturity and reduce technical risks and uncertainties at relatively low cost. It is not an ACAT effort.

Advanced Concept Technology Demonstrations (ACTD) in a field environment with users of ACTD, RDT&E (2 years in field), to gain understanding of and evaluate utility prior to acquisition decision; and develop concepts of operation and doctrine. It is not an ACAT effort.

Army Acquisition Executive: Army individual responsible for administering acquisition programs IAW DOD policies and guidelines, and exercises the powers and discharges the responsibilities as set forth in DODI 5000.1 for component acquisition executives. PEOs report to the AAE.

Command Select List identifies positions in the category of "Best Qualified" or military only (Colonel or Lieutenant Colonel) for fill by the Department of the Army centralized Project/Product Manager and Acquisition Command Selection Boards.

OPCON (Operational Control): Implies command authority over another organization with respect to "operations" without necessarily implying that the organization that is OPCON to another must move physically to that parent organization's geographical location. The PEOs are responsible for execution of all assigned acquisition programs. For funding issues, a losing PEO/DSA/CMD does not have the authority to reprogram any funds of any program, which is OPCON to another PEO without documented staffing, and concurrence of that PEO. Effective immediately, a gaining PEO/CMD does have the authority to reprogram funding of programs OPCON to them as long as there is documented staffing and concurrence from the losing PEO/CMD.

Program Executive Officer: Individual responsible for programmatics and the planning, programming, budgeting, and execution necessary to guide assigned programs through each milestone with approved baselines. Project and Product Managers report to the PEO.

Product Manager: Responsible for the development of overall program management plans, requirements, execution, control, and direction of the work and associated resources required for life cycle management of the program/system and associated products. Is a Lieutenant Colonel or GS-14 and the title PM implies that they are centrally selected by a Secretariat board.

Project Manager: Provides overall direction and guidance for the development, acquisition, testing, product improvements, fielding, and sustainment of the project. Is a Colonel or GS-15 and implies that they are DA centrally selected.

Recapitalization: The rebuild and selected upgrade of currently fielded systems to ensure operational readiness and a zero-time/zero-mile system. It will provide the warfighter with a more capable, reliable, and economically sustainable weapon system.